

Understanding the MANUFACTURED/ MOBILE HOME Escrow Process



The escrow process for mobile homes is different than a traditional home sale escrow. This basic review will help us work better together for a smooth transaction.

TITLE STATUS

When we are in contract and the earnest money deposit is in escrow, a title search is ordered from the Department of Housing and Community Development (HCD). The title search is a 1 – 2 page report listing registered owners. Legal owners and any junior legal owners may also be listed. There is no title insurance offered on a mobile home.

TAX TYPE (ONE OF THE BELOW WILL APPLY, NOT BOTH)

ANNUAL REGISTRATION TITLE – DECALS BEGINNING WITH THE LETTER A

If the home's decal is dated 1979 or older, the owner pays an annual registration fee to HCD. The Buyer will pay a sales or use tax based on the NADA Guide value and the current sales tax for the city where the unit is located. For example, a NADA Guide value of \$3,500 for a unit in Brentwood would generate sales tax at the current 8.25% rate in the amount of \$288.75. (The tax rate is subject to change several times a year, so NATC verifies the rate for each transaction.)

COUNTY TAX TITLE – DECALS BEGINNING WITH THE LETTER L

If the unit was manufactured in 1980 or later, Lennar Title will request a conditional tax clearance from the county tax collector. This can take anywhere from 1 – 10 days, depending on the county and time of year. The Seller will pay the balance on all past due and current years' taxes to June 30 of the current year. The current tax year is prorated from close to (and including) June 30, as with a traditional home escrow. The Buyer may be required to pay the next years' estimated fiscal taxes in advance. Those taxes are not prorated, as they are the Buyer's estimate for a tax cycle post-close.

PARK APPROVALS, RENTS AND PRORATIONS

Lennar Title contacts the mobile home park with our demand letter to verify the Buyer is approved for residency in the park, as required by law. In addition, Lennar Title will ask for any back or current rents and utilities due at the close of escrow. Some parks will request a hold back from the Seller for the final utility billing. Buyers should begin the park approval process as soon as they are in contract and make sure they return all documents to the park to begin the review. Some parks may take up to 15 days for approval.

Some parks will require the Buyers/tenants to sign the lease before close and before the park will release approval to Escrow. Other parks will sign the lease after close and will release approval to Escrow upon park approval. Escrow will pay all back rents in escrow, making sure all rents are paid current to the end of the month escrow is closing, and will prorate between Buyer and Seller for pre-paid rents similar to HOA dues. We cannot close escrow until the park has given us approval to do so.

DISCLOSURES

There are no HOA documents, CCRs, preliminary reports, plat maps or FIRPTA documents provided by Escrow for your files. Your Buyers will be tenants/lessees with the park. Agreements between a park and its tenants are not shared with Escrow (we are a third party), and are also not provided to agents (third party).

CLOSING

There is no deed that records in the clerk recorder's office for a mobile home escrow. Therefore, as soon as Escrow has all original signatures from the Buyer and Seller as well as good funds, we consider escrow closed, provided the parties have agreed to the close date. (*Good funds are either a wire transfer for the same day or a cashier's check for next day.*)



LENNAR
TITLE

 visit: lennartitle.com

 **LennarTitle**